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Improving the financial situation of the United Nations

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Report of the Secretary-General

Summary

The present report updates the information on the financial situation of the United Nations contained in the previous report of the Secretary-General (A/64/497). It also provides a review of the Organization's financial situation as at 31 December 2009 and updated projections based on information as of 30 April 2010.

The report considers four main financial indicators: assessments issued, unpaid assessed contributions; available cash resources; and the Organization's outstanding debt to Member States. At 31 December 2009, assessments issued during 2009 were higher than at 31 December 2008 for the regular budget and the international tribunals, but lower for peacekeeping operations, while the capital master plan remains the same. Unpaid assessments at 31 December 2009 were lower than at 31 December 2008 for all categories, except the international tribunals.

Cash balances at the end of 2009 were higher than at the end of 2008 for all categories, except peacekeeping.

Amounts owed to troop and equipment providers had increased to $775 million by 31 December 2009, reflecting increased obligations incurred during 2009.

The 31 December 2009 year-end situation reflected improvement as compared to the situation in 31 December 2008. Unpaid assessments for all categories were lower at 30 April 2010 as compared to 30 April 2009. Cash balances are projected to be positive at the end of 2010; however, a few peacekeeping missions continue to be affected by cash shortages. Unpaid assessed contributions continue to be heavily concentrated among a few Member States, and the final outcome for 2010 will depend in large measure on the payments that they make during the remainder of 2010. In order to ensure that the status of contributions is available to Member States in a more timely, comprehensive and useful manner, online information on the status of contributions, updated based on daily receipts, is being made available through an Internet-based online portal.

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I. Introduction

1. The present report updates the information on the financial situation of the United Nations contained in the previous report of the Secretary-General (A/64/497). It also provides a review of the Organization's financial situation at 31 December 2009 and updated projections based on information as of 30 April 2010.

2. The 31 December 2009 year-end situation reflected improvement as compared to the situation at 31 December 2008. Some indicators reflect continued progress during early 2010. However, cash shortages continue to affect a few peacekeeping missions.

3. The financial strength of the United Nations has traditionally been measured by four main indicators: assessments issued; unpaid assessed contributions; available cash resources; and the Organization's outstanding debt to Member States.

II. Review of the financial situation at 31 December 2009

4. A review of the financial situation shows increases in the level of assessments for the regular budget (from $1,880 million at 31 December 2008 to $2,499 million at 31 December 2009) and the international tribunals (from $310 million to $348 million), a decrease for peacekeeping operations (from $7,599 million to $5,765 million), and no alteration for the capital master plan, which remains the same at $341 million. At 31 December 2009, unpaid assessments for the regular budget, peacekeeping operations and the capital master plan were lower than at the end of 2008. Unpaid assessments for international tribunals were higher than at the end of 2008.

5. The Secretary-General would like to pay a special tribute to the 38 Member States that had paid in full all assessed contributions due and payable at 31 December 2009 for the regular budget, peacekeeping operations, the international tribunals and the capital master plan: Australia, Austria, Azerbaijan, Bolivia (Plurinational State of), Bosnia and Herzegovina, Bulgaria, Burkina Faso, Canada, the Congo, Croatia, the Czech Republic, Denmark, Eritrea, Estonia, Finland, Georgia, Germany, Iceland, Ireland, Italy, Kazakhstan, Latvia, Liechtenstein, Madagascar, Monaco, the Netherlands, New Zealand, Norway, Pakistan, Romania, the Russian Federation, Singapore, Slovakia, Slovenia, South Africa, Sweden, Switzerland and Tajikistan. Other Member States are urged to follow the example of those countries.

A. Regular budget

6. Assessments and payments to the regular budget were both higher in 2009 than in 2008, by $619 million and $690 million, respectively. Unpaid assessed contributions were lower by $82 million at $335 million at 31 December 2009, compared to $417 million at 31 December 2008.

7. Only 136 Member States, however, had paid their regular budget assessments in full by the end of 2009, 10 less than in 2008. The Secretary-General wishes to thank the Member States that had honoured their obligations to the regular budget in

full at 31 December 2009 and urges all Member States that have not yet done so to date to pay in full their assessed contributions as soon as possible.

8. Of the $335 million that remained outstanding at 31 December 2009, 94 per cent was owed by just three Member States (Chile, Mexico and the United States of America), and 6 per cent related to the remaining 53 Member States. A total of 74 Member States had paid their assessments to the regular budget in full by 30 April 2009, compared to 76 by 30 April 2008.

9. The financial position of the regular budget at 30 April 2010 as compared to 30 April 2009 reflects the net result of both lower assessments and lower payments received. There was a decrease of $333 million in the regular budget assessment for 2010, while payments received by 30 April 2010 were only $20 million lower than on 30 April 2009. Unpaid assessed contributions were $395 million lower on 30 April 2010 than a year earlier. The $1 billion outstanding on 30 April 2010 is also very highly concentrated, with nine countries (Brazil, Chile, China, Greece, Mexico, Saudi Arabia, the United Kingdom of Great Britain and Northern Ireland, the United States and Venezuela (Bolivarian Republic of)) accounting for over 94 per cent of the total. Clearly, the final outcome for 2010 will depend in large measure on action to be taken by those particular Member States.

10. Cash resources for the regular budget comprise the General Fund, to which assessed contributions are paid; the Working Capital Fund, to which advances are authorized periodically by the General Assembly; and the Special Account. At the end of 2009, $520 million of cash was available for the regular budget. At 30 April 2010, that amount stood at $1.1 billion, with another $400 million in the related reserve accounts (the Working Capital Fund and the Special Account). The positive change for the regular budget is due to a net increase in payments over expenditures in the first quarter of the year. The modest increase in the Special Account of $2 million from $248 million at 31 December 2009 is due to accumulated interest credited to the fund. At this stage, it is projected that the regular budget would end the year with a positive cash balance. The final position for 2010 will depend in large measure on the action taken by the above-mentioned nine countries (see para. 9 above).

B. Peacekeeping operations

11. The unpredictable nature of the demand for peacekeeping activities makes it hard to predict financial outcomes with any confidence. In addition, peacekeeping has a different financial period, running from 1 July to 30 June rather than from 1 January to 31 December; assessments are issued separately for each operation; and since assessments can currently be issued only through the mandate period approved by the Security Council for each mission, they are issued for different periods throughout the year. All of these factors complicate a comparison between the financial situation of peacekeeping operations and that of the regular budget and the international tribunals.

12. The total amount outstanding for peacekeeping operations at the end of 2009 was just under $1.9 billion, compared to the approximately $2.9 billion outstanding at the end of 2008. Approximately two thirds of the $1.9 billion outstanding at the end of 2009 was owed by two Member States ($681 million by Japan and $523 million by the United States).

13. Owing to the unpredictable amount and timing of peacekeeping assessments throughout the year, it can be more difficult for Member States to keep fully current with assessments. The Secretary-General wishes to give special thanks to the 38 Member States that had paid all peacekeeping assessments that were due and payable on 31 December 2009: Australia, Austria, Azerbaijan, Bolivia (Plurinational State of), Bosnia and Herzegovina, Bulgaria, Burkina Faso, Canada, the Congo, Croatia, the Czech Republic, Denmark, Eritrea, Estonia, Finland, Georgia, Germany, Iceland, Ireland, Italy, Kazakhstan, Latvia, Liechtenstein, Madagascar, Monaco, the Netherlands, New Zealand, Norway, Pakistan, Romania, the Russian Federation, Singapore, Slovakia, Slovenia, South Africa, Sweden, Switzerland and Tajikistan.

14. Although cash available for peacekeeping at the end of 2009 amounted to over $2.3 billion, it was divided between the separate accounts maintained for each peacekeeping operation; furthermore, there are restrictions on the use of that cash. In its resolutions on the financing of peacekeeping operations, the General Assembly has specified that no peacekeeping mission shall be financed by borrowing from other active peacekeeping missions. In addition, the terms of reference of the Peacekeeping Reserve Fund restrict its use to new operations and the expansion of existing ones. Of the total cash available in peacekeeping accounts at the end of 2009, $1,728 million related to active missions, $457 million to closed missions and the balance of $142 million to the Peacekeeping Reserve Fund.

15. The financial position of peacekeeping operations at 30 April 2010 showed improvement. New assessments of just under $3.4 billion had been issued by that date. Against this, contributions of over $3.9 billion were received, reducing the amount outstanding from over $1.8 billion to under $1.3 billion. In this regard, the Secretary-General wishes to pay special tribute to the 24 Member States that had paid all peacekeeping assessments that were due and payable on 30 April 2010: Australia, Austria, Bulgaria, Burkina Faso, Canada, Cuba, Finland, France, Germany, Iceland, Ireland, Kazakhstan, Latvia, Liechtenstein, Monaco, New Zealand, the Netherlands, Norway, the Russian Federation, Singapore, Slovakia, South Africa, Sweden and Switzerland.

16. On the basis of information currently available, the total cash available in peacekeeping accounts at the end of 2010 is expected to amount to about $2.9 billion: $2.4 billion in the accounts of active missions, $412 million in the accounts of closed missions and $141 million in the Peacekeeping Reserve Fund. These estimates are based on projected income and expenditures and on the proposed retention of cash balances in closed peacekeeping operations.

17. Of the $412 million expected to be available in the accounts of closed peacekeeping operations at the end of 2010, $218 million relates to amounts to be paid for outstanding liabilities, such as troop and equipment payments, leaving only $194 million freely available for possible cross-borrowing for other accounts, including the regular budget, the international tribunals and active peacekeeping operations. Cross-borrowing from the accounts of closed peacekeeping operations was required in 2009 for four active operations (the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Operation in Côte d'Ivoire (UNOCI), the United Nations Observer Mission in Georgia (UNOMIG) and the United Nations Integrated Mission in Timor-Leste (UNMIT)).

C. International tribunals

18. The financial position of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia worsened in 2009. Outstanding assessments for the two tribunals rose from $26 million at year end 2008 to $37 million at the end of 2009. However, a payment of $15.5 million was received a few days after year end 2009, prior to the issuance of 2010 assessments for the tribunals.

19. The unpaid assessment of $37 million at the end of 2009 was highly concentrated, as only two Member States accounted for more than 81 per cent of the total ($28 million by the United States and $2 million by Indonesia). Much will depend, therefore, on the action taken by those Member States.

20. A total of 105 Member States had paid in full their assessed contributions for both international tribunals by the end of 2009, matching the level at the end of 2008. The Secretary-General wishes to express his appreciation to those 105 Member States that had paid in full their assessed contributions by 31 December 2009 and urges other Member States to follow their example.

21. The financial situation of the international tribunals has improved in 2010. By 30 April 2010, 12 more Member States had paid their assessed contributions to both tribunals than had been the case by 30 April 2009. Unpaid assessments at 30 April 2010 amounted to $86 million, reflecting a much lower level than the unpaid amount of $158 million at 30 April 2009. Based on current projections, the tribunals are expected to end the year with positive cash balances. Once again, however, the actual outcome will depend on whether Member States continue to honour their financial obligations to the tribunals.

D. Capital master plan

22. In its resolution 61/251, the General Assembly approved a total budget for the capital master plan of $1.9 billion. Two options were approved by the General Assembly to fund the remainder of the project:

(a) A one-time assessment, whereby Member States would settle their total capital master plan assessments in full in 2007, based on the 2007 rates of assessment;

(b) A multi-year assessment, whereby Member States would make equal payments over five years based on the rates of assessment for 2007.

23. Twelve Member States have opted for one-time payment, with the remaining 180 Member States falling under the multi-year payment system. As of 30 April 2010, 186 Member States have made payments which totalled $1.4 billion, with $117 million still outstanding. In addition, a number of Member States that did not opt for one-time payment have nevertheless made advance payments totalling $59 million.

24. In addition to the cost of project, the General Assembly approved the establishment of a working capital reserve of $45 million. The reserve is to be funded from the advances from Member States and is apportioned at the rates of

assessment for 2007. As of 30 April 2010, 174 Member States have already made payments totalling $44.9 million to the working capital reserve.

25. As of 30 April 2010, 88 Member States have paid, in full, assessments due and payable, while another 98 Member States have made partial payments. Regrettably, 6 Member States have not yet made any payments to the capital master plan.

III. Debt to Member States

26. The amount owed for troops and formed police units and contingent-owned equipment at 31 December 2009 was $775 million. New obligations are projected to increase in 2010 compared to 2009, primarily reflecting the planned increased deployment of military and police personnel in the African Union-United Nations Hybrid Operation in Darfur (UNAMID), and the deployment of additional military contingent and formed police units in the United Nations Stabilization Mission in Haiti (MINUSTAH), partly offset by reductions in the deployed military strength of the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Mission in Liberia (UNMIL).

27. Taking into account projected new obligations of $2.1 billion and projected payments of just under $2.4 billion, it is projected that debt will decrease to $525 million at the end of 2010. As at 30 April 2010, the amount owed was $750 million, of which approximately 60 per cent is owed to 10 Member States (Bangladesh, India, Pakistan, Egypt, the United States, Nigeria, Rwanda, Nepal, South Africa and France). Payments for troops and formed police unit costs are current up to February 2010 for all active missions except MINURSO, due to insufficient cash in the special account for the mission. Payments for contingent-owned equipment are current up to December 2009 for all active missions except for MINURSO and the United Nations Interim Administration Mission in Kosovo (UNMIK), due to insufficient cash levels for those missions. Projected payments for 2010 are dependent on timely finalization of memorandums of understanding. As at 30 April 2010, out of 380 memorandums of understanding for all peacekeeping missions, 85 (22 per cent) were yet to be finalized. Naturally, the level of payments will also depend on Member States meeting their financial obligations to the United Nations.

IV. Conclusions

28. There were encouraging signs of progress in the financial position of the Organization at the end of 2009. Some indicators also reflect further progress in 2010. Notably, unpaid assessments for all categories at 30 April 2010 were significantly below the levels of one year ago. However, a few peacekeeping missions continue to be affected by cash shortages. Cross-borrowing from the accounts of closed peacekeeping missions was required in 2009 for MINURSO, UNOCI, UNOMIG and UNMIT. In addition, unpaid assessed contributions continue to be heavily concentrated among a few Member States, making the final outcome for 2010 dependent, in large measure, on the action that will be taken by those particular Member States.

29. The Secretary-General wishes to pay a special tribute to the Member States that had paid in full all assessments for the regular budget, the international tribunals, the peacekeeping operations and the capital master plan that were due and payable at 30 April 2010: Australia, Austria, Bulgaria, Burkina Faso, Canada, Finland, France, Germany, Iceland, Ireland, Kazakhstan, Latvia, Liechtenstein, Monaco, New Zealand, the Netherlands, Norway, the Russian Federation, Singapore, South Africa, Sweden and Switzerland. In addition, Croatia, Denmark and Georgia have paid in full their due and payable assessments since 30 April 2010. Other Member States are urged to follow the example of those countries.

30. As always, the financial health of the Organization depends on Member States meeting their financial obligations in full and on time. The Secretariat continues to be fully committed to working with Member States towards facilitating this end. Accordingly, an online portal has been launched for Member States to access information on the status of contributions. Reports on the status of contributions have been issued since 1976 in accordance with the decision of the General Assembly, at its 2444th plenary meeting, that the Secretary-General should provide Member States, on a biannual basis, with information for each Member State on the amounts assessed, paid and owed to the regular budget and on continuing operations for which there is a special assessment. Semi-annual reports on the status of contributions were issued during the period from 1976 to 1986, quarterly reports were issued in 1987 and 1988 and monthly reports from 1989 to present.

31. With the growth in the number of funds covered by assessed contributions and the increase in United Nations membership, the standard report grew from under 20 pages issued on a quarterly basis in 1976 to more than 200 pages currently issued on a monthly basis. In order to manage the current scope of information received and to ensure that the status of contributions is available to Member States in a more timely, comprehensive and useful manner, online information on the status of contributions, updated based on daily receipts, is being made available through an Internet-based online portal.

32. With the launch of the online portal, information on the status of contributions will be available much more quickly, as it will be updated online daily instead of only being available after issuance of a monthly report. Not only will the same information as that contained in the monthly reports be made available, there will also be other financial reports at various levels of aggregation. All online information will be delivered much more efficiently in comparison to the cost of producing more than 2,400 pages annually for the paper-based standard monthly report.